

EXECUTIVE EDGE

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Organizational LeaderShift: The Quest to Reinvent Work

By Joe Hunt

The way we work isn't working anymore.

Some experts blame traditional organizational hierarchies, incentives that fail to motivate, disengaged employees (two-thirds of the workforce), and a system that overcompensates management while undervaluing frontline workers.

New ways of working have already evolved, explains corporate coach Frederic Laloux in *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage of Human Consciousness*. He poses an important question:



Can we create organizations free of politics, bureaucracy and infighting; free of stress and burnout; free of resignation, resentment, and apathy; and free of the posturing at the top and the drudgery at the bottom?

Some say we're on the verge of a shift in the way we organize and manage people who must work together. Others aren't so sure. Is it really possible to reinvent organizations? Can we devise a new model that makes work more productive—and, even more importantly—truly fulfilling and meaningful?

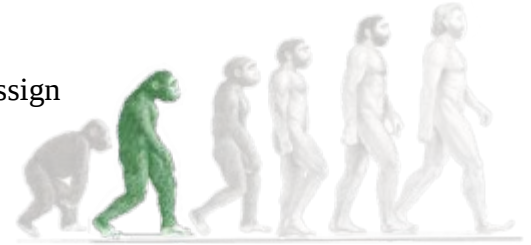
In the course of history, humankind has repeatedly reinvented how people come together to get work done, each time creating a new, vastly superior organizational model. What's more, this historical perspective hints at a new organizational design that may be just around the corner, waiting to emerge.

A review of the major stages in the development of human consciousness and organizations reveals how we can potentially reinvent work to be more productive and meaningful.

Organizations' Evolving Stages

Many scientists and historians have categorized how we organize to get things done, but naming the stages is always a struggle. It's challenging to use a single adjective to capture the complex reality of any organizational model.

One way to understand and clarify developmental stages is to assign descriptive names and levels, which vary according to experts.



Early Tribal Organizations

Reactive-Level 1 Paradigm: This paradigm addresses humanity's earliest developmental stage, spanning 100,000 to 50,000 BC. Humans lived in small bands of family kinships.

These bands typically numbered just a few dozen people who foraged to survive. There was no division of labor, so there was nothing resembling an organizational model. There was no hierarchy, chief or leadership. There were usually high rates of violence and murder.

Magic-Level 2 Paradigm: Around 15,000 years ago, humanity started to shift into tribes of up to a few hundred people, representing a major improvement in members' ability to handle complexity. Tribes sought comfort in ritualistic behaviors, following an elder or shaman with strong beliefs in spirits and magic.

Early Organization of Labor

Impulsive-Level 3 Paradigm: Around 10,000 years ago, chiefdoms and proto-empires evolved as the first forms of organizational life. Thinking was shaped by a black-and-white worldview: strong vs. weak, us vs. them.

Role differentiation and divisions of labor existed, with a chief, foot soldiers and sometimes slaves. Some present-day organizations still operate with this model: prisons, crime cartels, countries at war or civil-war states. Gangs and inner-city neighborhoods may organize using the Impulsive-Level 3 Paradigm.

A Level 3 Organization's defining characteristic is the chief's use of overwhelming power to remain in position. There's no formal hierarchy and no job titles, so this organizational model doesn't scale well. Fear and submission keep the structure intact.

Conformist-Level 4 Paradigm: Every paradigm shift opens up new capabilities and emerging ways for groups to get things done. Around 4000 BC, more sophisticated societies emerged in Mesopotamia. Humankind leaped from a tribal world subsisting on horticulture to the age of agriculture, states and civilizations, institutions, bureaucracies and organized religions.

A new class of rulers, administrators, warriors and craftsmen emerged. To feel safe in the world, members of the Conformist-Level 4 Paradigm sought order, stability and predictability, creating control through institutions and bureaucracies. Societal roles and rules were well defined.

Most people today operate from this paradigm. They grasp cause-and-effect relationships and linear time, and they can project into the future. These capabilities foster self-discipline and foresight in planning.

Level 4 Organizations: With the Conformist-Level 4 of consciousness, organizations evolved because of two breakthrough ideas:

1. **Medium- and long-term planning**
2. **Stable and scalable structures**

These breakthroughs led to unprecedented innovation: irrigation systems, pyramids, the Great Wall of China, trading posts, merchant shipping and the Catholic Church.

The first large corporations of the Industrial Revolution were run on this paradigm. Level 4 Organizations are still very present today: government agencies, public schools, religious institutions and the military.

Today's Organizations

Achievement-Level 5 Paradigm: As consciousness evolves, people can handle greater complexity. They move beyond absolute right-or-wrong reasoning, weighing relevant variables. Effectiveness replaces morals as the decision-making yardstick.



Level 5 thinking emerged with the Age of Enlightenment and the Industrial Revolution. It was adopted by most Western societies after the Second World War. Achievement-Level 5 is the dominating worldview of most modern businesses and political leaders.

Level 5 thinking has spurred scientific investigation, innovation and entrepreneurship, bringing unprecedented prosperity in just two centuries. Yet, every paradigm has its dark side.

Driven by materialism and individual egos, the Achievement-Level 5 Paradigm has also yielded corporate greed, short-term thinking, overconsumption, and reckless exploitation of resources and ecosystems.

Level 5 Organizations: The global corporation is the embodiment of this paradigm. Level 5 organizations have achieved more than any of their brethren, primarily through three breakthroughs:

1. **Innovation**
2. **Accountability**
3. **Meritocracy**

Level 5 organizations are process- and project-driven, retaining the pyramid as their basic structure, but with project groups, teams and cross-functional initiatives that enable faster innovation.

They aim to predict and control, inventing tactics like management by objectives, key performance indicators, strategic planning, budget cycles and scoreboards to track progress. The reigning metaphor is the machine; people are resources managed with incentives.

With meritocracy, in principle, anyone can move up the ladder. Individual success is highly valued. Leadership is goal-oriented, focused on solving tangible problems, putting tasks over relationships. Dispassionate rationality is favored over emotions.

A downside of the Level 5 paradigm is “innovation gone mad,” or growth pursued for growth’s sake. When the bottom line is all that counts, collective greed may triumph.

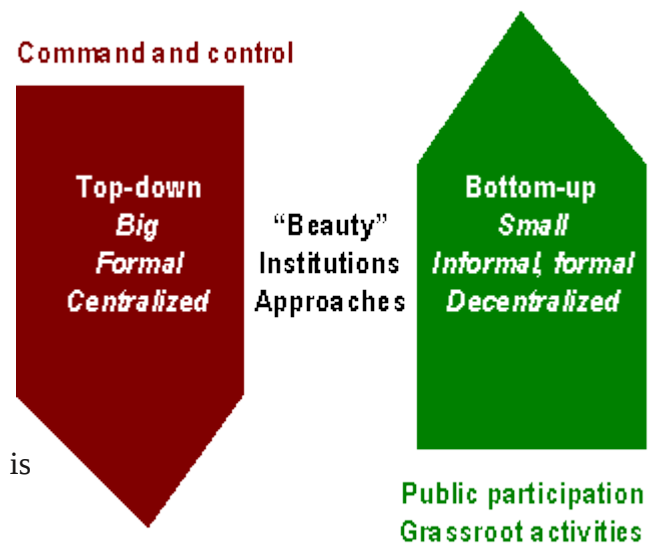
When there’s a lack of shared values and purpose—when success is driven year after year by numbers and targets, milestones and deadlines—people may end up bereft of meaning and fulfillment.

Achievement-Level 5 is clearly the dominant paradigm of today’s corporations, but not all organizations are satisfied with the bottom line as their sole focus.

Pluralistic-Level 6 Paradigm: The Pluralistic-Level 6 worldview attempts to fill the void of individual success by being sensitive to everyone’s feelings. In the Level 6 stage, the emphasis is on social equality and community. All people deserve respect, fairness and harmony through cooperation and consensus.

The Pluralistic – Level 6 Paradigm brought about the abolition of slavery and equality for women and minorities in the late 18th and 19th centuries, and it continues to make inroads today. While Level 5 is predominant in business and politics, Level 6 largely prevails in postmodern academic thinking, nonprofits and community activism.

Level 6 Organizations: Pluralistic-Level 6 strives for bottom-up processes, gathering input from all levels to achieve consensus. The Level 6 perspective is uneasy with power and hierarchy. But consensus among large groups of people is inherently difficult.



Pluralistic-Level 6 Organizations have contributed three breakthroughs:

1. **Empowerment:** Although they retain the pyramidal hierarchical structure, Level 6 leaders push a majority of decisions down to frontline workers. Top and middle managers share power.
2. **Shared Values and Purpose:** Research shows that values-driven organizations can outperform others by wide margins.
3. **Multiple-Stakeholder Perspective:** While Level 5 companies strive to increase shareholder value, Level 6 looks to benefit all stakeholders: employees, customers, suppliers, communities and the environment.

If Level 5 businesses use a machine metaphor, the metaphor for Level 6 is the family. Examples of Level 6 organizations include Southwest Airlines, Zappos and Ben & Jerry’s.

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Level 7: The Newest Stage of Organizations

The next stage of human consciousness corresponds to Maslow's self-actualizing level and has been variously labeled “authentic,” “integral” or “Evolutionary-Teal.” People transitioning to Level 7 deal with the world in more complex and refined ways. For example:

- **The shift to Conformist-Level 4** happens when Impulsive-Level 3 internalizes rules that allow them to disidentify from impulsively satisfying their needs.
- **The shift to Achievement-Level 5** happens when Level 4 disidentifies from group norms.
- **The shift to Evolutionary-Level 7** happens when we learn to disidentify from our own ego.

When we minimize the need to control, to look good, to be right and to fit in, we are no longer fused with ego. We refuse to let fears reflexively control our lives. We listen for wisdom in others and to the deeper parts of ourselves.

The fears of the ego are replaced by a capacity to trust the abundance of life. With this belief, if something unexpected happens or if we make mistakes, we are confident things will turn out all right. (And when they don't, we believe life will give us an opportunity to learn and grow.)

- In Impulsive-Level 3, a good decision is the one that *gets me what I want*.
- In Conformist-Level 4, decisions conform to *rules* and *social norms*.
- In Achievement-Level 5, decision yardsticks are *effectiveness* and *success*.
- In Pluralistic-Level 6, decisions are judged by the criteria of *belonging* and *harmony*.

In Evolutionary-Level 7, we are concerned with inner rightness: Does this decision seem right? Am I of service to the world? Does my decision resonate with my deep inner convictions?

In Level 7, we do not pursue recognition, success, wealth and belonging to live a good life; we pursue a life well lived. Our ultimate goals are reimagined:

- To become the truest expression of ourselves
- To live into authentic selfhood
- To honor our gifts and calling
- To be of service to humanity

Leaders of Level 7 Organizations

What happens when leaders run an organization from the Evolutionary-Level 7 Paradigm?



The higher they climb on the developmental ladder, the more effectively they'll lead others, according to several researchers.

In my work I've established that a CEO's developmental stage significantly determines the success of large-scale corporate transformation programs. Leaders who operate from Evolutionary-Level 7 were by far the most successful. Numerous research studies have come to similar conclusion.

The more complex our worldview and cognition, the more effectively we can deal with problems. In Level 7 Organizations, some of today's common corporate ills disappear. But many questions arise:

- When trust replaces fear, does a hierarchical pyramid provide the best structure?
- Are all the rules, policies, detailed budgets, targets and processes that give leaders control still necessary or effective?
- Are there simpler, more efficient ways to run organizations?

To answer such questions, we've researched and studied more than a dozen pioneer companies that operate on Evolutionary-Level 7 principles. Next month's article will explore their structures, practices and cultures.

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